

☒ UNCLASSIFIED ☐ USE ONLY ☐ CONFIDENTIAL ☒ SECRET

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

WH/I

NO.

MEMORANDUM

3-9795

DATE

9 June 1958

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

DD/P

9 June 78W

1 to 2:
Attached hereto is the brief memorandum on Bolivia which you requested on Saturday that [redacted] and I provide to you for your consideration and possible use in connection with your forthcoming appearance before the House Foreign Affairs Subcommittee. [redacted]

2.

DCI

6/10/58

[redacted] you may be interested to hear in this connection that ARA in State has advised me that they would consider it very helpful to them if you could say a few words about the nature and extent of the Communist threat in Bolivia, as a part of your general presentation to the Subcommittee. It is my impression that the material in the attached memorandum, which I have indicated by marginal side-lining, is the sort of thing that ARA would hope that you could say.

3.

4.

5.

6.

7.

8.

9.

10.

11.

12.

13.

14.

15.

~~SECRET~~

10-4475

MEMORANDUM FOR: DIRECTOR CENTRAL INTELLIGENCE

VIA: DEPUTY DIRECTOR PLANS

SUBJECT: CURRENT SITUATION IN BOLIVIA

Political: The party in power is the Movimiento Nacionalista Revolucionario (MNR), headed by President Hernan SILES Zuazo, who was elected in 1956 by an impressive majority of the voters. SILES' regime has been confronted by serious economic problems, created in part by the slump in the international metals market. Since Bolivia is a one-product economy, depending on tin for its income and foreign exchange, the drastic fall in tin prices has created a crucial economic dislocation.

The chaotic conditions and the actual want suffered by the people have caused an atmosphere favorable to Communist exploitation, and if no solution had been attempted, a rapid growth of Communist influence would have probably resulted.

In December 1956, a stabilization program was initiated in an effort to stop the ravaging inflation which was spiralling out of hand. The program was undertaken with American aid and advice, and has played a large part in halting the downward trend of the economy. Backed by American financial and advisory support, SILES has been able to use his personal following to rally the people behind the plan, although some of the workers suffer from the temporary imbalances. The Communists are still making every effort to discredit the plan and undermine it.

SILES' position is extremely precarious, although he has recently been successful in gathering popular support for his reforms, at the expense of the left wing of the MNR. He is attempting to surround himself by more reliable persons of the moderate right wing faction, but since no government

~~SECRET~~

SECRET

in Bolivia can survive without the support of the workers, he has been obliged to make some concessions to the left.

Economic: The government nationalized the mines in 1952 in order to remove the major source of national wealth from the hands of a small group. Since that time, however, the price of tin has continued to fall, and the government has not been able to invest money in improving the mines themselves, so that the quality of the ore has decreased along with the prices. The current hope for an improved economy comes from oil, which is beginning to be exploited by foreign development capital. This is largely provided by American companies which have been encouraged to enter Bolivian operations in view of the stabilization plan which gives hope for continuance of the government.

The Czech Legation in Bolivia consists of six persons. It has made strong efforts to increase trade between Bolivia and Czechoslovakia. The Czech Legation has also been giving guidance and possibly training to Bolivian labor leaders who would be in a position to co-ordinate strikes or other disruptive activities against primary Bolivian industries.

Communist Party: Communist activity has increased since the beginning of the economic crisis in the country, and estimates of membership are constantly being revised upward. Even the current figures of Party membership are not an accurate measure of the strength of the Communist movement since many Communist sympathizers and perhaps members belong to the left wing of the MNR where they have more impact on national policy than do the inscribed Party members.

The Communist movement is divided into three separate parties, the regular Communist Party of Bolivia (PCB) with some 4,000 members; the Trotskyist Revolutionary Workers Party (POR) with some 2,000 well-disciplined members; and the pro-Communist intellectual's Party of the Revolutionary Left, which

SECRET

SECRET

could count on from 1,000 to 2,000 adherents, although it is loosely organized.

Although there are decrees outlawing Communism, it is expected that all of the Communist Parties will be permitted to enter candidates in the July 1958 elections. This is in line with the SILES government hopes to divide the opposition by permitting the largest number of divergent parties to participate.

STAT

J.C. KING
Chief, WHD

SECRET